



## **PROPERTY RATES POLICY**

**2016/17 FINANCIAL YEAR**

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## ABBREVIATIONS

MLM	Midvaal Local Municipality
AO	Accounting Officer
CFO	Chief Financial Officer
EM	Executive Mayor
IBT	Inclining Block Tariff
MFMA	Municipal Finance Management Act
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
NCA	National Credit Act
SAPOA	South African Property Owners Association
SARS	South African Revenue Services
VAT	Value Added Tax

## **1. PURPOSE OF THIS DOCUMENT**

This purpose of this Policy is to set out the guiding principles and legislative requirements that governs the compilation and management of the municipal Valuation Roll. This policy should at all times be read together with the Municipal Property Rates Act, 2004 (as amended) and the Municipality's Property Rates By-laws.

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## 2. DEFINITIONS

In this policy, definitions, words and expressions have the same meanings as assigned to them in the Act, unless the context indicates otherwise: –

**“Act”** – means the Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004) and any amendment thereof;

**“agricultural property”** – means a property that is used primarily for agricultural purposes, but without derogation from Section 9, excludes any portion thereof that is used commercially for the hospitality of guests and excludes the use of [a]the property for the purpose of eco-tourism or for the trading in or hunting of game;

**“annually”** – means once every financial year;

**“business and commercial property”** – means -

- (a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- (b) property on which the administration of the business of private or public entities take place;

**“Calendar year”** shall mean 12 consecutive months of a financial year(s);

**“category”** –

- (a) in relation to a property, means a category of properties determined in terms of section 8(2) of the Act;
- (b) in relation to the owners of property, means a category of owners determined in terms of section 15(2) of the Act;
- (c) The individual categories are defined as per the table below:

<b>Category</b>	<b>Definition</b>
Residential properties	Properties used for residential purposes including Sectional Title properties.
Residential properties not used for any purpose	Undeveloped vacant erven zoned for Residential purposes.
Business and commercial properties	Properties used for Business and Commercial purposes including Sectional Title properties.
Business and commercial properties not used for any purpose	Undeveloped vacant erven zoned for Business and Commercial purposes.
Industrial properties	Properties used for Industrial purposes including Sectional Title properties.
Industrial properties not used for any purpose	Undeveloped vacant erven zoned for Industrial purposes.
Public Service Infrastructure	Properties as per definition in the Municipal Property Rates Act (Act 6 of 2004), as amended.
Public Benefit Organization	Property owned by public benefit organisations and used for any specified public benefit activity listed in item 1, 2 and 4 of part 1 of the Ninth Schedule to the Income Tax Act.
Place of worship and/or vicarage	Properties registered in the name of and used primarily as a place of worship by a Religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at

Category	Definition
	service at that place of worship.
Sports grounds used for amateur sports	Property registered in the communities name and used for amateur sport.
Communal land	Property belonging to a land reform beneficiary or his or heirs provided that this exclusion lapses 10 years from the date which such beneficiaries title was registered in the office of the registrar of deeds.
State owned properties	Properties owned by the State and/or an organ of the State.
Municipal properties	<p>The following types of property owned by or vested in the Council are not rateable:</p> <ul style="list-style-type: none"> <li>(i) Public service</li> <li>(ii) infrastructure owned by the Council or a service provider, including Public service infrastructure vested in the Council by virtue of the provisions of Section 63 of the Local Government Ordinance, (Ordinance 17 of 1939) as amended;</li> <li>(iii) Refuse tip sites;</li> <li>(iv) Municipal burial grounds and adjacent public open space within the burial ground precinct and municipal crematoria;</li> <li>(v) Property used for the provision of public parks and zoned as Public open space and includes undeveloped municipal property which is for the</li> </ul>

Category	Definition
	<p>purposes of this Policy deemed to be public open space;</p> <p>(vi) Property used for culture, sporting and recreational facilities other than property subject to a registered lease in terms of the formalities in respect of Leases of Land Act, 1969 (Act No. 18 of 1969), in which case the area subject to the lease is separately rated;</p> <p>(vii) Municipal housing schemes Municipal properties rateable:</p> <p>The following types of property owned by or vested in the Council are subject to rating:</p> <p>(i) Property leased to third parties in terms of a lease registered in terms of the Formalities in respect of Leases of Land Act, 1969; and</p> <p>(iii) Municipal property used for purposes other than those specified.</p>
Protected areas	All properties that are or have to be listed in the register referred to in Section 10 of the Protected Areas Act.
Servitudes	Right belonging to one person, in property of another, entitling the former either to exercise some right of benefit in the property, or to prohibit the latter from exercising one or other of his normal rights of



Category	Definition
	ownership.
Privately owned township serviced by the owner	Un proclaimed farmland where there is a township layout for which services are provided by the owner.
Farm properties used for Agricultural purposes (larger than 16ha)	Farm properties used for bona fida farming and agricultural purposes with the property owner deriving the principal source of income from the product of the land.
Farm properties used for Business and Commercial purposes	Farm properties used for Business and Commercial purposes.
Farm properties used for Industrial purposes	Farm properties used for Industrial purposes.
Farm properties used for Residential purposes (smaller than 16ha)	Farm properties used for Residential purposes.
Farm properties not used for any purpose (smaller than 16ha)	Farm properties not used for bona fida farming and agricultural purposes.
Farm properties not used for any purpose-Industrial Zoning	Undeveloped vacant farm properties with Industrial zoning.
Farm properties not used for any purpose – Business and Commercial Zoning	Undeveloped vacant farm properties with Business and Commercial zoning.
Agricultural Holdings used for Agricultural purposes (larger than 16ha)	Agricultural Holdings used for bona fida farming and agricultural purposes with the property owner deriving the principal source of income from the product of the land.

Category	Definition
Agricultural Holdings used for Business and Commercial purposes	Agricultural Holdings used for Business and Commercial purposes.
Agricultural Holdings used for Industrial purposes	Agricultural Holdings used for Industrial purposes.
Agricultural Holdings used for Residential purposes (smaller than 16ha)	Agricultural Holdings used for Residential purposes.
Agricultural Holdings not used for any purposes (smaller than 16ha)	Agricultural Holdings not used for bona fida farming and agricultural purposes.
Agricultural Holdings not used for any purpose – Industrial Zoning	Undeveloped vacant Agricultural Holdings with Industrial zoning.
Agricultural Holdings not used for any purpose – Business and Commercial Zoning	Undeveloped vacant Agricultural Holdings with Business and Commercial zoning.
Unregistered properties	Unregistered erven/properties of which the certificate of registered title has not been issued.
Multiple use properties	Properties with a combination of different categories, of which the market value is apportioned for each category.

**“exclusion”** – in relation to a Municipality’s rating power, means a restriction of that power as provided for in sections 16 and 17 of the Act;

**“exemption”**– in respect of the calculation of a rate means an exemption granted in terms of section 15(1)(a) of the Act;

**“financial year”** – the period starting from 1 July in a year to 30 June the following year;

**“Illegal use”** means any use that is inconsistent with or in contravention of the permitted use of the property.

**“Improved”** Any building where an occupation certificate was issued. Any equipment or machinery which, in relation to the property concerned, is immovable; excluding a lift, escalator, air-conditioning plant, fire extinguisher apparatus, water pump installation for a swimming pool or for irrigation or domestic purposes, and any other equipment or machinery that may be prescribed.

**“industrial property”** – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

**“local community”** – in relation to the Municipality–

(a) means that body of persons comprising –

- (i) the residents of the Municipality;
- (ii) the rate payers of the Municipality;
- (iii) any civic organisations and non-governmental, private sector or labour organisations or bodies which are involved in local affairs within the Municipality; and
- (iv) visitors and other people residing outside the Municipality, who, because of their presence in the Municipality, make use of services or facilities provided by the Municipality; and

(b) includes, more specifically, the poor and other deprived sections of such body of persons;

**“local Municipality”** – a Municipality that shares municipal executive and legislative authority in its area with a district Municipality within whose area it falls and which is described in section 155(1) of the Constitution as a category B Municipality;

**“market value”**– in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

**“mining property”** – means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act 2002 (Act no. 28 of 2002);

**“multiple purposes”**–in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Act;

**“Multiple use properties”** means properties that cannot be assigned to a single category due to different uses.

**“municipal council”** or **“council”** – is a municipal council referred to in section 18 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

**“municipal manager”** – means a person appointed in terms of section 82 of the Municipal Structures Act, 1998 (Act No 117 of 1998);

**“municipal property”** – is property registered or established in the name of the Midvaal Local Municipality;

**“Municipality”** –

- (a) as a corporate entity means a Municipality as described in section 2 of the Municipal Systems Act, 2000 (Act No 32 of 2000); and
- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No 27 of 1998);

**“Newly ratable property”** means any ratable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

**“occupier”** – in respect of a property means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

**“office bearer”** – in relation to places of worship, means the primary person who officiates at services at that place of worship;

**“official residence”** – in relation to places of public worship, means –

- (a) a portion of the property used for residential purposes: or
- (b) one residential property, if the residential property is not located on the same property as the place of public worship, registered in the name of a religious community or registered in the name of a trust established for the sole benefit of a religious community and used as a place of residence for an office bearer;

**“owner”**–

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to paragraph (b) of the definition of “property” means a person in whose name the right is registered;
- (bB) in relation to a share block company, the share block company as defined in the share block control Act, 1980 (Act no. 59 of 1980);
- (bC) in relations to buildings, other immovable structures and infrastructure referred to in Section 17(1)(f), means the holder of the mining right or the mining permit; and
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property” means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure, as envisaged in the definition in the Act of the term “publicly controlled” provided that a person mentioned below may for the purposes of this Act be regarded by a Municipality as the owner of a property in the following cases:-
- (i) a trustee, in the case of a property in a trust, excluding state trust land;
  - (ii) an executor or administrator, in the case of a property in a deceased estate (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);
  - (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
  - (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
  - (v) a curator, in the case of a property in the estate of a person under curatorship;
  - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude (the applicant must produce a letter from the Master of the Court or appropriate legal proof to substantiate the appointment);

**“permitted use”**– in respect of a property means the limited purposes for which a property may be used in terms of the following–

- (a) any restrictions imposed by –
  - (i) a condition of title; or
  - (ii) a provision of a town planning or land use scheme; or
  - (iii) any legislation applicable to any specific property or properties; or
- (b) any alleviation of any such restrictions;

**“person”** – includes an organ of state;

**“place of worship”** – means property used primarily for the purposes of congregation, excluding a structure that is primarily used for educational instruction in which secular or religious education is the primary instructive medium:

Provided that the property is –

- (a) registered in the name of a religious community
- (b) registered in the name of a trust established for the sole benefit of a religious community;  
or
- (c) subject to a land tenure right;

**“property”**– means

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public services infrastructure;

**“property register”**– a register of properties referred to in section 23 of the Act;

**“Public Benefits Organisation”** means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1, 2 and 4 of part 1 of the Ninth Schedule to the Income Tax Act.

**“Public Service Infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (c) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

- (e) railway lines forming part of a national railway system;
- (f) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (g) runways, aprons and the air traffic control unit at national or provincial airports, including the vacant land known as the obstacle free zone surrounding these, which must be vacant for the air navigation purposes;
- (h) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (g);

**“public service purposes”**, in relation to the use of a property, means property owned and used by an organ of state as –

- (a) hospital and clinics;
- (b) schools, pre-schools, early childhood development centres or further education and training colleges;
- (c) national and provincial libraries and archives;
- (d) police stations;
- (e) correctional facilities;
- (f) Court of Law,

but excludes property contemplated in the definition of “public service infrastructure”

**“Public worship”** means a property registered into the name of and used primarily as a place of worship by a religious community, including a residence registered in the name of this community which is occupied by an office bearer of the community.

**“rate”** – a municipal rate on a property envisaged in section 229(1)(a) of the Constitution;

**“rateable property”** – means property on which a Municipality may in terms of section 2 of the Act levy a rate, excluding property fully excluded from the levying of rates in terms of section 17 of the Act;

**“ratio”** – in relation to Section 19, means the relationship between the cent amount in the rand applicable to residential properties and different categories of non-residential properties:



Provided that the two relevant cent amounts in the rand are inclusive of any relief measures that amount to rebates if a general application to all properties within a property category;

**“rebate”**– in relation to a rate payable on a property, means a discount granted in terms of section 15 of the Act on the amount of the rate payable on the property;

**“reduction”**– in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount;

**“residential property”**– means a property included in a valuation roll in terms of Section 48(2)(b) in respect of which the primary use or permitted use is for residential purposes without derogating from Section 9

- (a) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes;
- (b) is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes;
- (c) is owned by a share-block company and is used predominantly for residential purposes;
- (d) is a residence used for residential purposes situated on a property used for educational purposes;
- (e) is property which is included as residential in a valuation list in terms of section 48(2)(b) of the Act;
- (f) are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes;

vacant properties (empty stands), hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category;

**“state owned property”**– properties owned by the state which are not included in the definition of public service infrastructure in the act.

### **3. OBJECTIVES OF THE POLICY**

The objectives of this policy are: –

- 3.1 to comply with the provisions of section 3 of the Act;
- 3.2 to determine criteria to be applied for –
  - 3.2.1 levying differential rates for different property categories;
  - 3.2.2 exemptions;
  - 3.2.3 reductions;
  - 3.2.4 rebates; and
  - 3.2.5 rate increases.
- 3.3 to determine or provide criteria for the determination of the following –
  - 3.3.1 property categories for the purpose of levying different rates; and
  - 3.3.2 categories of owners of properties for the purpose of granting exemptions, rebates and reductions;
- 3.4 to determine how the Municipality's power should be exercised in terms of multiple-used properties;
- 3.5 to identify and quantify the following for the Municipality in terms of costs and the benefit for the community
  - 3.5.1 exemptions, rebates and reductions; and
  - 3.5.2 exclusions.
- 3.6 to take into account the effect of rates on the indigent;

- 3.7 to take into account the effect of rates on organisations that perform activities for public benefit;
- 3.8 to take into account the effect of rates on the public services infrastructure;
- 3.9 to determine measures for promoting local economic and social development; and
- 3.10 to identify all rateable revenue not being rated.

#### **4. CONSTITUTIONAL AND LEGAL FRAMEWORK**

The Municipal Property Rates Act, 2004 forms the legal basis of this policy. However, the following additional legal references were observed during the compilation of this policy:-

- Municipal Finance Management Act, 2003;
- Municipal Systems Act, 2000;
- Municipal Property Rates Policy, as reviewed annually;
- The municipality's Property Rates By-Law; and
- Constitution of the Republic of South Africa, 1996 as amended.

## **5. APPROVAL AND EFFECTIVE DATE**

The policy will be effective as from 1 July 2016.

## **6. POLICY PRINCIPLES**

- 6.1 The levying of a rate on a property is an exclusive right of the Municipality which will be exercised:—
- 6.1.1 optimally and comprehensively within the Municipality
  - 6.1.2 with consideration of the total revenue sources of the Municipality; and
  - 6.1.3 with consideration of the fair distribution of the rates requirement over all the properties in the municipal area.
- 6.2 The rating of properties will be done independently, justly, equitably and without prejudice and this principle will also be applied with the determination of criteria for exemptions, reductions and rebates as provided for in section 15 of the Act.
- 6.3 The levying of property rates must be implemented in such a way that: -
- 6.3.1 it is aimed at development;
  - 6.3.2 it promotes sustainable local government by providing a stable and constant revenue source within the discretionary control of the Municipality
  - 6.3.3 it promotes economic, social and local development; and
  - 6.3.4 it remains affordable for all.
- 6.4 Property rates will be levied to: —
- 6.4.1 ensure access to municipal services to all residents; and
  - 6.4.2 minimise the effect of rates on the indigent.
- 6.5 The market value of a property as recorded in the municipal valuation roll serves as basis for the calculation of property rates.

- 6.6 The rate tariff will be based on the value of all rateable properties and the amount the Municipality needs to fund community and subsidised services, after taking into account any possible contributions from trading and economic services and the amounts required to finance exemptions, rebates and reductions of rate, as approved by council during the annual budget process.
- 6.7 Trade and economic services will be financially ring fenced and tariffs and service charges will as far as possible be calculated in such a way that the revenue generated covers the cost of the services or generate a surplus to meet specific identified service related objectives.
- 6.8 Property rates will be used to finance community and subsidised services.
- 6.9 Budgeted contributions from trade and economic services may be used to subsidise community and subsidised services.
- 6.10 The revenue basis of the Municipality will be optimally protected by limiting the exemptions, rebates and reductions to those that are fair and reasonable.

## 7. CATEGORIES OF PROPERTIES

7.1 Subject to section 19 of the Act, Council may, in terms of the criteria set out in its rates policy, levy different rates for different categories of rateable properties. The Midvaal Local Municipality will levy rates based on use of the property.

7.2 Categories of properties rateable property include the following: –

No.	Category	Definition
1.	Residential properties	Properties used for residential purposes including Sectional Title properties.
2.	Residential properties not used for any purpose	Undeveloped vacant erven zoned for Residential purposes.
3.	Business and commercial properties	Properties used for Business and Commercial purposes including Sectional Title properties.
4.	Business and commercial properties not used for any purpose	Undeveloped vacant erven zoned for Business and Commercial purposes.
5.	Industrial properties	Properties used for Industrial purposes including Sectional Title properties.
6.	Industrial properties not used for any purpose	Undeveloped vacant erven zoned for Industrial purposes.
7.	Public Service Infrastructure	Properties as per definition in the Municipal Property Rates Act (Act 6 of 2004), as amended.
8.	Public Benefit Organization	Property owned by public benefit organisations and used for any specified public benefit activity listed in



No.	Category	Definition
		item 1, 2 and 4 of part 1 of the Ninth Schedule to the Income Tax Act.
9.	Place of worship and/or vicarage	Properties registered in the name of and used primarily as a place of worship by a Religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at service at that place of worship.
10.	Sports grounds used for amateur sports	Property registered in the communities name and used for amateur sport.
11.	Communal land	Property belonging to a land reform beneficiary or his or heirs provided that this exclusion lapses 10 years from the date which such beneficiaries title was registered in the office of the registrar of deeds.
12.	State owned properties	Properties owned by the State and/or an organ of the State.
13.	Municipal properties	<p>The following types of property owned by or vested in the Council are not rateable:</p> <ul style="list-style-type: none"> <li>(i) Public service</li> <li>(ii) infrastructure owned by the Council or a service provider, including Public service infrastructure vested in the Council by virtue of the provisions of Section 63 of the Local Government Ordinance, (Ordinance 17 of 1939) as amended;</li> </ul>

No.	Category	Definition
		<p>(iii) Refuse tip sites;</p> <p>(iv) Municipal burial grounds and adjacent public open space within the burial ground precinct and municipal crematoria;</p> <p>(v) Property used for the provision of public parks and zoned as Public open space and includes undeveloped municipal property which is for the purposes of this Policy deemed to be public open space;</p> <p>(vi) Property used for culture, sporting and recreational facilities other than property subject to a registered lease in terms of the formalities in respect of Leases of Land Act, 1969 (Act No. 18 of 1969), in which case the area subject to the lease is separately rated;</p> <p>(vii) Municipal housing schemes Municipal properties rateable:</p> <p>The following types of property owned by or vested in the Council are subject to rating:</p> <p>(i) Property leased to third parties in terms of a lease agreement; and</p> <p>(ii) Municipal property used for purposes other than those specified.</p>

No.	Category	Definition
14.	Protected areas	All properties that are or have to be listed in the register referred to in Section 10 of the Protected Areas Act.
15.	Servitudes	Right belonging to one person, in property of another, entitling the former either to exercise some right of benefit in the property, or to prohibit the latter from exercising one or other of his normal rights of ownership.
16.	Privately owned township serviced by the owner	Un proclaimed farmland where there is a township layout for which services are provided by the owner.
17.	Farm properties used for Agricultural purposes (larger than 16ha)	Farm properties used for bona fida farming and agricultural purposes with the property owner deriving the principal source of income from the product of the land.
18.	Farm properties used for Business and Commercial purposes	Farm properties used for Business and Commercial purposes.
19.	Farm properties used for Industrial purposes	Farm properties used for Industrial purposes.
20.	Farm properties used for Residential purposes (smaller than 16ha)	Farm properties used for Residential purposes.
21.	Farm properties not used for any purpose (smaller than 16ha)	Farm properties not used for bona fida farming and agricultural purposes.
22.	Farm properties not used for any purpose-Industrial Zoning	Undeveloped vacant farm properties with Industrial zoning.

No.	Category	Definition
23.	Farm properties not used for any purpose – Business and Commercial Zoning	Undeveloped vacant farm properties with Business and Commercial zoning.
24.	Agricultural Holdings used for Agricultural purposes (larger than 16ha)	Agricultural Holdings used for bona fida farming and agricultural purposes with the property owner deriving the principal source of income from the product of the land.
25.	Agricultural Holdings used for Business and Commercial purposes	Agricultural Holdings used for Business and Commercial purposes.
26.	Agricultural Holdings used for Industrial purposes	Agricultural Holdings used for Industrial purposes.
27.	Agricultural Holdings used for Residential purposes (smaller than 16ha)	Agricultural Holdings used for Residential purposes.
28.	Agricultural Holdings not used for any purposes (smaller than 16ha)	Agricultural Holdings not used for bona fida farming and agricultural purposes.
29.	Agricultural Holdings not used for any purpose – Industrial Zoning	Undeveloped vacant Agricultural Holdings with Industrial zoning.
30.	Agricultural Holdings not used for any purpose – Business and Commercial Zoning	Undeveloped vacant Agricultural Holdings with Business and Commercial zoning.
31.	Unregistered properties	Unregistered erven/properties of which the

No.	Category	Definition
		certificate of registered title has not been issued.
32.	Multiple use properties	Properties with a combination of different categories, of which the market value is apportioned for each category.

## 8. RATE RATIOS

The following category rate ratios shall be applicable to the general property rate tariff set by Council for the 2016/2017 financial year:

No.	Category	Rate Ratio
1.	Residential properties	1:1
2.	Residential properties not used for any purpose	1:1.16
3.	Business and commercial properties	1:1
4.	Business and commercial properties not used for any purpose	1:1
5.	Industrial properties	1:1
6.	Industrial properties not used for any purpose	1:1
7.	Public Service Infrastructure	Exempt
8.	Public Benefit Organization	Exempt
9.	Place of worship and/or vicarage	Exempt
10.	Sports grounds used for amateur sports	1:0.25
11.	Communal land	Exempt
12.	State owned properties	1:1
13.	Municipal properties	Exempt
14.	Protected areas	Exempt
15.	Servitudes	1:0.25
16.	Privately owned township serviced by the owner	1:1
17.	Farm properties used for Agricultural purposes (larger than 16ha)	1:0.1305
18.	Farm properties used for Business and Commercial purposes	1:1
19.	Farm properties used for Industrial purposes	1:1
20.	Farm properties used for Residential purposes (smaller than 16ha)	1:1
21.	Farm properties not used for any purpose (smaller than 16ha)	1:1
22.	Farm properties not used for any purpose-Industrial Zoning	1:1

23.	Farm properties not used for any purpose – Business and Commercial Zoning	1:1
24.	Agricultural Holdings used for Agricultural purposes (larger than 16ha)	1:0.1305
25.	Agricultural Holdings used for Business and Commercial purposes	1:1
26.	Agricultural Holdings used for Industrial purposes	1:1
27.	Agricultural Holdings used for Residential purposes (smaller than 16ha)	1:1
28.	Agricultural Holdings not used for any purposes (smaller than 16ha)	1:1
29.	Agricultural Holdings not used for any purpose – Industrial Zoning	1:1
30.	Agricultural Holdings not used for any purpose – Business and Commercial Zoning	1:1
31.	Unregistered properties	1:1
32.	Multiple use properties	1:1

## **9. CATEGORISATION OF OWNERS**

- 9.1 For the purpose as described in section 3.2.1 of the policy the following categories of owners will be recognised in terms of section 15(2) of the Act:–
- 9.1.1 Those owners who qualify and who are registered as indigent in terms of the adopted indigent policy of the Municipality;
- 9.1.2 Residential property owners who are 60 years of age and older who are both the permanent occupants and the sole owners of the property concerned whose aggregate household income is proved to the satisfaction of the municipal manager not to exceed two state pensions per month;
- 9.1.3 Residential property owners who are 60 years of age and older who are both the permanent occupants and the sole owners of the property concerned whose aggregate household income is proved to the satisfaction of the municipal manager not to exceed a monthly amount as annually determined by council in the tariff determination process;
- 9.1.4 An Owner (Township Developer) of a proclaimed township who is still the registered owner of an erf / erven in such proclaimed township, can apply for a rebate per erf as indicated in the schedule of tariffs in order to serve as a development incentive to such owner (Township Developer).
- 9.1.5 Owners of properties exceeding the municipal valuation of R177 000 000.00 can apply for a rebate on these properties as indicated in the schedule of tariffs.
- 9.1.6 Public Benefit Organisations registered at the Department of Welfare and used to further the objectives of such organisations;
- 9.1.7 Property registered in the name of and used primarily as a place of worship by a religious community including an official residence;



- 
- 9.1.8 Properties belonging to a land reform beneficiary or his or her heirs for the first ten (10) years of the registration of the title in the office of the Registrar of Deeds;
- 9.1.9 Owners of properties situated within an area affected by: –
- 9.1.9.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No 57 of 2002); or
- 9.1.9.2 any serious adverse social or economic conditions;
- 9.1.10 Owners of private schools
- 9.1.11 Owners of Old Age Institutions registered at the Department of Welfare
- 9.1.12 Owners of Properties on which National Monuments are situated
- 9.1.13 Farm properties and agricultural holdings used for residential purposes in pursuance of the Agritropolis.

## **10. DIFFERENTIAL RATING**

- 10.1 Criteria for differential rating on different categories of properties in terms of section 8(1) of the Act will be according to –
  - 10.1.1 the nature of the property including its sensitivity to rating, e.g. agricultural properties used for agricultural purposes; and
  - 10.1.2 The promotion of social and economic development within the Municipality.
- 10.2 Differential rating among the various property categories will be done by way of setting a different cent amount in the rand for each property category; rather than
- 10.3 By way of reductions and rebates as provided for in this policy document.
- 10.4 Fractional rating
  - 10.4.1 Where fractional ownership of properties occur, individual rates accounts will be opened and the owners will be levied assessment rates based on their fractional share of the property.
  - 10.4.2 Should the levy of the assessment rates fall into arrears due to non-payment by the fractional owners, credit control procedures as stipulated in the credit control policy will be followed.

## **11. EXEMPTIONS**

### **11.1 Categories of properties**

11.1.1 The following property categories are exempt from the payment of property rates: –

11.1.1.1 Municipal properties are exempted from paying property rates.

11.1.1.2 Public Service Infrastructure are exempted from paying property rates.

11.1.1.3 Residential properties - All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The impermissible rates of R15 000 of the market value of all residential properties contemplated in terms of section 17(1)(h) of the Act and may be supplemented by council based on affordability, ratepayer profile and the municipality's predetermined level of support to the poor. For the 2016/2017 financial year, and additional R135 000 of the market value of all residential properties will be exempt from paying property rates.

11.1.1.4 Public Benefit Organisations – Public Benefit Organisation Property means property owned by public benefit organisations and used for any specified public benefit activity listed in item 1 (welfare and humanitarian), item 2 (health care), and item 4 (education and development) of part 1 of the Ninth Schedule to the Income Tax Act.

11.1.2 Exemptions in 11.1.1.1 to 11.1.1.3 will automatically apply and no application is thus required by the owners of such property.

11.1.2.1 All possible benefiting organisations in clause 11.1.1.4 must apply for exemption (in writing). If the exemption applied for is approved the exemption will be valid until the approval is repealed by the municipality.

- 11.1.2.2 A rate-exemption certificate as issued by the South African Revenue Service (SARS), as contemplated in terms of Part 1 of the Ninth Schedule to the Income Tax Act, 1962 (Act No 58 of 1962), must be submitted together with the application.
- 11.1.2.3 The Municipality retains the right to refuse the application for exemption if the details supplied in the application were incomplete, incorrect or false.

## **11.2 Impermissible Rates**

- 11.2.1 In terms of section 17(1) of the Property Rates Act, 2004, the Municipality may, inter alia, not levy rates:-
- 11.2.1.1 The first 30% of the market value of public service infrastructure;
  - 11.2.1.2 on any part of the seashore as defined in the National Environmental Management: Integrated Coastal Management Act, 2007 (Act No. 24 of 2008);
  - 11.2.1.3 on any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act No. 15 of 1994);
  - 11.2.1.4 on any islands of which the state is the owner, including the Prince Edward Islands referred to in the Prince Edward Islands Act, 1948 (Act No. 43 of 1948);
  - 11.2.1.5 on those parts of a special nature reserve, national park or nature reserve within the meaning of the National Environmental Management Protected Areas Act, 2003 (Act No. 57 of 2003), or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004 (Act No. 10 of 2004), which are not developed or used for commercial, business, agricultural or residential purposes;  
(Para. (e) substituted by s. 29 of Act No. 19 of 2008)
  - 11.2.1.6 on mining rights or a mining permit within the meaning of the Mineral and Petroleum Resources Development Act, 2002 (Act no. 28 of 2002), excluding any building, other immovable structures and infrastructure above the surface of the mining property required for purposes of mining;

- 11.2.1.7 on a property belonging to a land reform beneficiary or his or her heirs, dependants or spouse provided that this exclusion lapses –
- (i) ten (10) years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds; or
  - (ii) upon alienation of the property by the land reform beneficiary or his or her heirs, dependants or spouses
- 11.2.1.8 on a property registered in the name of and used primarily as a place of public worship by a religious community, including the official residence registered in the name of that community which is occupied by the office-bearer of that community who officiates at services at the place of worship.

## **12. REBATES**

### **12.1 Categories of properties**

#### **12.1.1 Residential**

The municipality may grant rebates to rateable residential properties as approved by Council on an annual basis;

#### **12.1.2 Communal Land**

The municipality may grant rebates to communal land as approved by Council on an annual basis;

#### **12.1.3 Rebate on agricultural property**

The municipality may grant rebates to agricultural property as approved by Council on an annual basis;

In terms of section 84 of the Act the Minister for Provincial and Local Government, and in concurrence with the Minister of Finance as required through section 19 of the Act, may determine that a rate levied by council on a category of non-residential property may not exceed a prescribed ratio to the tariff levied on residential properties. The Minister had promulgated a ratio of 1:0.25 which remains unchanged for the 2016/2017 financial year.

No other rebates will be granted to properties that qualify for the agricultural rebate. In order to avoid doubt, properties that qualify for the agricultural rebate will not be entitled to the residential rate exemption as set out in paragraph 12.1.1 of this policy.

## **12.2 Categories of Owners**

Relief measures related to categories of properties and categories of owners of properties.

### **12.2.1 Indigent owners**

The owners that qualify and are registered indigents in terms of the Municipality's policy for indigents receive a rebate on the payment of rates as specified in the Municipality's policy for indigents.

### **12.2.2 Rebates for pensioners**

Pensioners qualify for special rebates in accordance with their monthly household income. Property owners who meet the following requirements may apply for a rebate:–

- (a) The property must be registered in the name of the applicant/s;
- (b) The owner/s must be at least sixty (60) years of age (the age of the oldest spouse/partner will be considered);
- (c) The property owner may not be the owner of more than one property;
- (d) In the case of a semi-detached house, of which a section is rented out, only the rates paid on that section occupied by the owner is subject to rebates;

Property owners must apply annually for a rebate on a prescribed form as stipulated by the Municipality, and these applications must reach the Municipality by 10 July of the financial year in respect of which rates are levied. If the rebate applied for is granted, the rebate will apply for the full financial year. Applications received after 10 July for the financial year in respect of which the application is made will only be applied for the remainder of that financial year if approved.

The Municipality retains the right to refuse the granting of rebates if the details supplied in the application were incomplete, incorrect or false.

Applications must be accompanied by the following information: –

- (a) a certified copy of the identity document of the owner or any other proof of the owner's age which is acceptable to the Municipality;
- (b) sufficient proof of income of the owner and the his / her spouse;
- (c) three month's bank statements;
- (d) an affidavit from the owner;

12.2.3 Privately owned schools

The municipality may grant rebates to rateable privately owned schools as approved by Council on an annual basis;

12.2.4 Old age institutions registered at the Department of Welfare

The municipality may grant rebates to old age institutions registered at the Department of Welfare as approved by Council on an annual basis;

12.2.5 Properties on which national monuments are situated

The municipality may grant rebates to Properties on which national monuments are situated as approved by Council on an annual basis;

12.2.6 Development Incentive

12.2.6.1 The municipality may grant a rebate to an owner (Township Developer) who is in the process of alienation of erven in such proclaimed township. This incentive is application based and will be subject to Council approval.

12.2.6.2 The municipality may grant a rebate to owners of property of which the municipal valuation exceeds an amount of R177 000 000.00.



### **13. REDUCTIONS**

- 13.1 Reductions as contemplated in section 15 of the Act will be considered on an ad-hoc basis in the event of the following:-
- 13.1.1 Partial or total destruction of a property; or
- 13.1.2 Disasters as defined in the Disaster Management Act, 2002 (Act 57 of 2002).
- 13.2 The following conditions shall be applicable in respect of clause 13.1:-
- 13.2.1 The owner of the property referred to in clause 13.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove to the satisfaction of the Municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.
- 13.2.2 Owners of property referred to in clause 13.1.2 will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).
- 13.2.3 A maximum reduction to be determined by Council shall be allowed in respect of both clauses 13.1.1 and 13.1.2.
- 13.2.4 An ad-hoc reduction will not be given for a period in excess of 6 months, unless the Municipality gives further extension on application.
- 13.2.5 If rates were paid in advance prior to granting of a reduction the Municipality will give credit to such an owner as from the date of reduction until the date of lapse of the reduction or the end of the period for which payment was made whichever occurs first.

## **14. COST OF EXEMPTIONS, REBATES AND REDUCTIONS**

- 14.1 The chief financial officer must inform council during the budgeting process of all the costs associated with the proposed exemptions, rebates, reductions, phasing-in of rates and grants in the place of rates.
- 14.2 Provision must be made on the operating budget for –
  - 14.2.1 the full potential revenue associated with property rates; and
  - 14.2.2 the full cost associated with exemptions, rebates and reductions.

## **15. MULTIPLE USE OF PROPERTIES**

Properties used for multiple purposes which for example do not fall within the definition of Residential Properties and, accordingly, do not qualify for the residential rate, may be included into the category of multiple-use properties, as per section 9 (1) (c) of the Property Rates Act, for which an apportionment of value for each distinct use of the property will be calculated by the municipal valuer and used for billing at the appropriate and applicable rate, in cases where the municipal valuer considers it reasonable to apply this category as per section 9 (1) (c) of the Property Rates Act.

## **16. PROPERTY REGISTER**

- 16.1 A property register, divided into Part A and B, regarding all properties in the municipal area of jurisdiction, must be compiled and maintained by the Municipality.
- 16.2 Part A of the register will consist of the current valuation roll of the Municipality and will include all supplementary valuations, prepared in terms of Section 78.
- 16.3 Part B of the register must specify which properties on the valuation roll or any supplementary valuation rolls are subject to: –
- 16.3.1 exemption from rates in terms of section 15 of the Act;
  - 16.3.2 a reduction or rebate in terms of section 15 of the Act;
  - 16.3.3 the phasing in of tariffs in terms of section 21 of the Act; and
  - 16.3.4 exclusions as referred to in section 17 of the Act.
- 16.4 The register will be open for inspection by the public during office hours at the head office of the Municipality or on the internet website of the Municipality.
- 16.5 Part A of the register will be updated at least annually by the Municipality during the supplementary valuation process.
- 16.6 Part B of the register will be updated annually as part of the implementation of the Municipality's annual budget.

## **17. NOTIFICATION OF RATES**

- 17.1 Council will give notice at least 30 days before the rate approved during the annual budget meeting will come into effect. Accounts furnished after the 30 days' notice will be based on the new rates.
- 17.2 A notice containing the extent of council's resolution and the date on which the new rate will come into effect will be displayed by the Municipality at places installed for this purpose.

## **18. CONSULTATION PROCESS**

- 18.1 Before council commands a new valuation in terms of the Act, a consultation process involving all interest groups will be undertaken during which the purpose and method of valuation will be explained.
- 18.2 Before the Municipality accepts the rates policy the municipal manager will follow a process of public participation, as prescribed in chapter 4 of the Municipal Systems Act, and comply with the following requirements: –
- 18.2.1 Display the draft property rates policy continuously for a period of thirty (30) days at the Municipality's head office, satellite offices and on the website.
- 18.2.2 Publish a notice in the media stating that the draft property rates policy was compiled for submission to council and that such a policy is available at the different municipal offices and on the website for public inspection.
- 18.2.3 Property owners and interested persons may obtain a copy of the draft policy from the municipal office during office hours at a prescribed cost per copy.
- 18.2.4 Property owners and interested parties are invited to address written suggestions or representations to the Municipality within the period prescribed in the notice.
- 18.2.5 Council will consider all suggestions and/or representations received during the finalisation of the property rates policy.

## **19. FURNISHING OF ACCOUNTS**

- 19.1 The Municipality will furnish each person liable for the payment of a rate with an account, specifying:-
- 19.1.1 the amount due for rates payable;
  - 19.1.2 the date on or before which the amount is payable;
  - 19.1.3 how the amount was calculated;
  - 19.1.4 the market value of the property; and
  - 19.1.5 exemptions, reductions and rebates or the phasing-in of rates, if applicable.
- 19.2 A person liable for the payment of rates remains liable for payment, whether or not that person has received an account from the Municipality. Inquiries must be addressed to the Municipality by such a person who has not received an account.
- 19.3 In the case of joint ownership the Municipality will, upon request, furnish accounts to one or more individual owners.
- 19.4 In the case of joint ownership the Municipality may, in order to limit costs and prevent unnecessary administration, recover the rates continuously from one of the joint owners.
- 19.5 The furnishing of accounts for Rates is subject to section 102 of the Municipal Systems Act (Act 32 of 2000).
- 19.6 A person liable for rates must furnish the municipality with an address where correspondence can be directed to.

## **20. PAYMENT OF RATES**

- 20.1 Council may claim the payment of rates: -
- 20.1.1 on a monthly basis; or
- 20.1.2 annually before 31 August of each year.
- 20.2 Rate payers may choose to pay rates in one installment annually on or before 31 August of each year. The property owner subject to rates must notify the municipal manager or his/her nominee by no later than 30 June in any financial year, or such later date in the financial year as determined by the Municipality, that he/she wishes to pay all rates in respect of such a property in annual installments, after which such an owner shall be entitled to pay all rates in the subsequent financial year and all subsequent financial years annually until he/she withdraws this notice in similar manner.
- 20.3 If a rate is payable: -
- 20.3.1 in a single amount annually, it must be paid on or before a date determined by the Municipality.
- 20.3.2 in installments, it must be paid on or before a date in each period determined by the Municipality.
- 20.4 Interest on rates in arrear, whether paid annually or in equal monthly installments, shall be calculated in accordance with the provisions of the Municipality's policy on credit control and debt collection.
- 20.5 If a property owner who in terms of this policy is liable for the payment of property rates fails to pay such rates in the prescribed manner, it will be recovered from him / her in accordance with the provisions of the Municipality's by-law on credit control and debt collection.



### Payment of rates on property in sectional title schemes

- (1) A rate levied by a municipality on a sectional title unit is payable by the owner of the unit or the holder of a right contemplated in section 25 or 27 of the Sectional Titles Act.
- (2) A municipality may not recover the rate on a sectional title unit, or on a right contemplated in section 25 or 27 of the Sectional Titles Act registered against the sectional title unit, or any part of such rate, from the body corporate controlling a sectional title scheme, except when the body corporate is the owner of any specific sectional title unit, or holder of such right.

- 20.6 Rates in arrear shall be recovered from tenants, occupiers and agents for the owner in terms of section 28 and 29 of the Act and the Municipality's policy on credit control and debt collection.
- 20.7 In the event of rates levied emanating from a supplementary valuation, payment thereof will be according to the date determined by the Municipality and payment thereof may not be withheld pending an objection or appeal as determined by section 78(2) of the Act.
- 20.8 In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the owner on date of the levy will be held responsible for the settlement of the interim rates account.
- 20.9 Where the rates on a specific property have been incorrectly determined, whether because of an error or omission on the part of the Municipality or false information provided by the property owner concerned, or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be adjusted retrospectively for the period of the date on which the error or omission is detected, back to the date on which rates were first levied in terms of the current valuation roll.

- 20.10 Where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.
- 20.11 Clearance Certificates:-
- 20.11.1 will be valid for 60 days from the date it has been issued;
- 20.11.2 no extension on a certificate will be granted. If it expires a new application for clearance must be made.

## **21. ADJUSTMENT OF RATES PRIOR TO SUPPLEMENTARY VALUATION**

- 21.1 In circumstances where a valuation has been carried out by the municipal valuer in pursuance of a Supplementary Valuation (SV) in terms of section 78(1)(d) or 78(1)(f) of the MPRA as a result, for example, of a demolition having taken place on a property or a fire having destroyed buildings on a property, but the Municipality has not yet included such valuation of the relevant property in a SV, such valuation shall be submitted to the CFO for approval to levy rates on the property in accordance with such valuation, with effect from the date of the occurrence of the event which caused a SV to be required.
- 21.2 If the owner of a property which has been subdivided or consolidated after the last general valuation wishes to sell the consolidated erf, or one or more of the erven which have been subdivided off the parent erf, as the case may be, applies to the Municipality for a clearance certificate in terms of section 118 of the Systems Act and if the Municipality has not yet included such valuation of the relevant property/s in a SV, then:-
- 21.2.1 the municipal valuer shall conduct a valuation of the relevant property(ies) for purposes of a SV; and
- 21.2.2 the valuation shall be submitted to the CFO for approval of the levying of rates on such property(ies) in accordance with such valuation, with effect from the date on which the relevant subdivision or consolidation (as the case may be) was registered in the Deeds Office.
- 21.3 Any valuations performed in terms of paragraph 15 shall be included in the next SV prepared by the municipality without any amendments to the valuation and any objections to such valuation may only be lodged once such SV is made public in terms of section 49 of the MPRA.

## **22. FREQUENCY OF VALUATIONS**

- 22.1 The Municipality shall prepare a new valuation roll at least every five (5) years.
- 22.2 In accordance with the Act the Municipality, under exceptional circumstances, may request the MEC for Co-operative Governance and Traditional Affairs, to extend the validity of the valuation roll to seven (7) years.
- 22.3 Supplementary valuations shall be done on a continual basis, but at least on an annual basis, in order to ensure that the valuation roll is maintained.

## **23. REVIEW PROCESS**

The Property Rates Policy must be reviewed on an annual basis to ensure that it complies with the strategic objectives of the Municipality, as stipulated in the Integrated Development Plan and other applicable legislation.

## **24. IMPLEMENTATION**

The policy will be effective as from 1 July 2016.